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Southern District of New York*

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**CALIFORNIA MAN ARRESTED IN ALLEGED \$4 MILLION  
SCHEME INVOLVING FAKE LLOYD'S OF LONDON POLICIES**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced the arrest of RICHARD PETERSON, a/k/a "Robert James," of San Francisco, California, today in Miami, Florida, on federal charges related to a \$4 million fraud scheme involving fake insurance policies purportedly issued by Lloyd's of London.

According to a criminal Complaint unsealed today in Manhattan federal court, PETERSON operated a purported insurance brokerage variously called United Restaurant Services Corporation, United Restaurant Services Cooperative, United Restaurant Insurance Services, and California Restaurant Specialty Cooperative (collectively "URSC") located in San Francisco, California, Las Vegas, Nevada, and Avondale, Arizona, which specialized in placing liability insurance for restaurants and bars in the state of California. In that capacity, PETERSON solicited and purportedly obtained insurance from Lloyd's of

London through a co-conspirator not named as a defendant in the Complaint ("CC-1") who ran another insurance brokerage variously called Surplus Lines, Inc. and Heritage Inc. located in Manhattan.

As part of the scheme alleged in the Complaint, PETERSON, through URSC, sold insurance policies to other insurance brokers, sending them "Insurance Binders," which are essentially short-form versions of an insurance policy that is proof of agreed upon coverage, as well as purported insurance policies, both of which indicated that coverage was with "Underwriters at Lloyd's." Additionally, according to the Complaint, PETERSON signed the purported insurance policies using his alleged alias, "Robert James."

According to the Complaint, PETERSON referred individuals questioning the validity of the insurance coverage through URSC to CC-1 at a Manhattan telephone number. The Complaint alleges that an individual called CC-1 at a Manhattan telephone number and that CC-1 reassured the individual that the Lloyd's of London policies were legitimate.

According to the Complaint, none of the close to 70 purported Lloyd's policies obtained by PETERSON for the clients of a California wholesale insurance brokerage were, in fact, real. Based on records from other wholesale insurance brokerages and bank records, the Complaint also alleges that URSC has written approximately 400 purported insurance policies with

Lloyd's of London, collecting in excess of \$4 million in premiums.

The Complaint also alleges that PETERSON's California insurance licensing rights were revoked in 1999 after he was accused of running an insurance program for restaurants and bars for which PETERSON obtained insurance policies but then altered the policies in a number of ways, including by fraudulently obtaining additional money from the insureds beyond what was owed for the premiums.

According to the Complaint, this revocation of PETERSON's licensing rights in 1999 came after his license had been revoked for cause in 1994 due to, in relevant part, PETERSON soliciting the purchase of certificates of insurance through two entities he owned, AAMB Insurance Agency, Inc. and Bay Area Hospitality Cooperative, Inc., from an insurance company PETERSON owned that was not authorized to transact business in California.

The Complaint charges PETERSON with three offenses, conspiracy to commit wire and mail fraud, engaging in the business of insurance after having been convicted of a felony, specifically bankruptcy fraud in the Northern District of California in or about 2001, and use of a fictitious name in a scheme to defraud. If convicted of the charges in the Complaint, PETERSON faces a maximum sentence of 5 years in jail on each of

three counts.

Mr. KELLEY, a member of the President's Corporate Fraud Task Force, which is headed by Deputy Attorney General JAMES B. COMEY, praised the outstanding efforts of the United States Postal Inspection Service, and thanked the California Department of Insurance and the State of New York Insurance Department for their assistance in the investigation of this case.

Mr. KELLEY said the investigation is continuing.

PETERSON, 63, was arrested by agents of the United States Postal Inspection Service and will be presented before a United States Magistrate Judge in Miami pending his appearance in the Southern District of New York.

Assistant United States Attorney ALEXANDER H. SOUTHWELL is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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